

# CHAPTER I. INTRODUCTION

## A. Background

The agricultural sector is one of the fundamental pillars in driving a country's economic progress. Almost all fields related to the economy are interconnected with agriculture. This is due to Indonesia's abundant natural resources. In addition, the country's fertile soil and favorable climate make agriculture one of the most valuable assets for the successful development of the nation through agricultural advancement. Efforts to establish agriculture as a strong and growing sector that can serve as a main pillar in supporting national development must be accompanied by the development of a robust, advanced, efficient, and effective agricultural industry (Latumaerissa, 2015). According to data from the BPS (2025), the agriculture, forestry, and fisheries sector recorded the highest growth among all economic sectors in the first quarter of 2025, with an increase of 9.74 percent compared to the previous quarter. This achievement confirms that agriculture remains a key driver of the national economy, particularly in ensuring food availability and supplying horticultural commodities.

Within the agricultural sector, the horticulture subsector holds a strategic position due to its contribution to economic growth, farmers' income, and food and nutrition security. Horticultural products including fruits, vegetables, medicinal plants, and ornamental plants contribute to agricultural gross domestic product, generate employment opportunities, and support national foreign exchange earnings (Khan et al., 2020; Varlamov et al., 2020). The contribution of the horticulture subsector has continued to increase, as reflected in key economic indicators such as gross domestic product, export value, and employment, highlighting its importance in agricultural-based development (Alston & Pardey, 2016; Lloyd et al., 2019). Moreover, strong domestic and international market demand indicates that the development prospects of horticultural commodities remain highly promising (Szeląg-Sikora et al., 2015; Villagran & Jaramillo Noreña, 2020).

Among horticultural commodities, vegetables represent a crucial food category due to their essential role in human nutrition and health. Vegetables are

rich sources of vitamins, minerals, dietary fiber, and phytochemicals that contribute to reducing the risk of chronic diseases, supporting digestive health, and improving overall wellbeing (Chaudhari et al., 2024; Ramkumar et al., 2025). The importance of vegetables in daily food consumption is also reflected in national consumption patterns. According to Badan Pusat Statistik (2024), the proportion of households consuming vegetable commodities in Indonesia has shown a consistent upward trend, increasing from 94.64 percent in 2020 to 98.44 percent in 2024. This figure represents the coverage of vegetable consumption among households rather than the quantity consumed. The increase of nearly four percentage points over the past five years indicates growing public awareness and concern for healthy eating practices, particularly the inclusion of fresh and nutritious vegetables in daily food consumption. This trend can be associated with increasing public awareness of nutrition and healthy eating practices, as people have become more attentive to the quality and freshness of the food they consume. The growing emphasis on balanced diets has contributed to higher demand for fresh vegetables, both at the household level and within the food service and processing industries.

The trend of adopting a healthy lifestyle by consuming more vegetables has also spread across social media platforms in line with the increasing use of the internet among the public. Previously, customers relied solely on stores, modern retail outlets, and organic vegetable markets such as farmers' markets and organic markets. Currently, several retailers of healthy vegetables have begun utilizing social media platforms and websites to sell vegetables online (Harimurti et al., 2017). Bank Indonesian (2025) showed positive growth, with an increase in digital transaction volume of 45.30% (year-on-year), reaching 4.44 billion transactions. This growth reflects a shift in consumer behavior from conventional shopping to online platforms (online shopping), including for daily necessities such as fresh vegetables.

The rapid development of e-commerce has encouraged innovations in digital agribusiness, particularly through online-based agricultural sales platforms (e-grocery). These platforms serve as a bridge between producers and end customers, offering efficiency, shorter distribution chains, and better product freshness. One example is Segarbox in Padang City, a digital platform providing

various fresh food products such as vegetables and fruits, as well as frozen foods and ready-to-eat products. This product diversification aims to meet the needs of modern customers who seek convenience, speed, and guaranteed quality when purchasing food ingredients. However, the success of online agricultural businesses such as Segarbox depends not only on product freshness but also on how effectively the company manages customer perceptions and experiences. In this context, customer loyalty becomes a crucial element for sustaining business performance.

Customer loyalty is a customer's commitment to consistently repurchase a product or service in the future. Oliver (1999) defines loyalty as a deeply held commitment to rebuy or repatronize a preferred product or service consistently in the future. This highlights that loyalty involves not only repeated purchases but also emotional and psychological attachment to a brand. Loyalty plays a vital role in business sustainability because loyal customers provide long-term benefits.

In relation to products, loyalty is strongly connected to customer evaluations of product quality and experiences. Customers behavior such as satisfaction, trust, and usage frequency shapes their perception of value. Schiffman & Kanuk (2010) emphasize that customers behavior influences purchase decisions and long-term relationships with products. This means that customers attitudes and experiences directly affect the product's market performance, including its demand and sales continuity.

The importance of loyalty is particularly evident in e-grocery businesses like Segarbox, where products such as vegetables require frequent repurchasing. Maintaining existing customers becomes more critical than merely acquiring new ones. Furthermore, customer satisfaction, perceived value, and service quality play substantial roles in shaping loyalty. Kotler & Keller (2012) explain that loyalty results from positive customer experiences related to delivered value, service quality, and overall satisfaction.

Given this context, understanding how perceived value and service quality influence customer satisfaction and loyalty is essential for Segarbox to strengthen its competitiveness in the digital agricultural market. Therefore, this study aims to analyze these relationships and provide insights for improving customer retention and brand loyalty in the e-grocery sector.

## B. Research Problem

The development of digital technology has brought significant changes in people's consumption behavior, including in the food and daily needs sector. One of the innovations that has been growing rapidly in recent years is electronic grocery (e-grocery), which is a digital-based platform that allows customers to buy fresh food products online. This phenomenon shows a clear shift from conventional shopping patterns to modern, technology-based shopping habits. In Padang City, which is one of the major cities in West Sumatra, this trend is also happening. People have started to buy their daily needs, including fresh vegetables, through online platforms because they are considered more practical, time-saving, and provide easier access to a variety of products.

One of the e-grocery platforms operating in Padang is Segarbox, which focuses on selling fresh vegetables, fruits, and other food products. Although the trend of consuming fresh and frozen food products in Indonesia, including in Padang, keeps increasing, the sales revenue performance of Segarbox still shows some fluctuations (Figure 1).

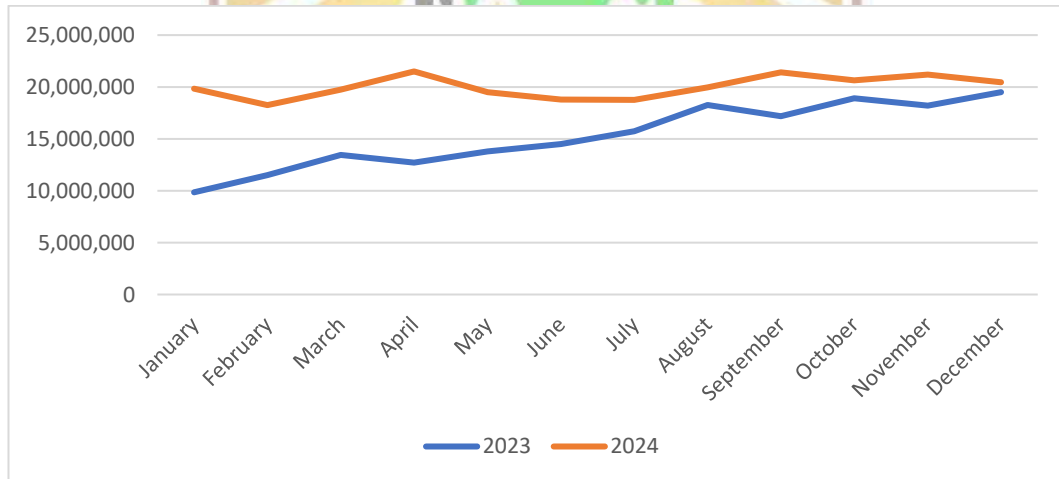


Figure 1. Sales Revenue Products in the Segarbox Business, 2023-2024

Based on the sales data presented in Figure 1, which represents the total revenue generated from the entire range of products sold by Segarbox, including fresh vegetables, fruits, and other food products, as detailed in Appendix 2, Segarbox's monthly revenue during 2023 and 2024 shows a pattern that supports this concern. In 2023, sales revenue increased relatively steadily from IDR 9,850,000 in January to IDR 19,500,000 in December, reflecting a growth trend of

approximately 98 percent over the year. However, in 2024, although the overall sales volume was higher, with monthly revenue generally ranging between IDR 18,000,000 and IDR 21,500,000, the trend was no longer consistently upward but instead fluctuated from month to month, as seen in the decline in February (IDR 18,255,000) after a relatively high start in January, followed by a peak in April (IDR 21,500,000) and subsequent dips in June and July. This fluctuating pattern indicates that while Segarbox managed to grow its total annual revenue from IDR 183,600,000 in 2023 to IDR 240,055,000 in 2024, an increase of around 30.8 percent, the month-to-month instability suggests that customer purchasing behavior has not yet become fully consistent or habitual. Such fluctuation implies that customers may not yet exhibit strong repurchase patterns or long-term commitment to Segarbox, which reinforces the notion that customer loyalty toward the platform is still in a developing stage rather than firmly established.

To better understand the behavior of Segarbox's vegetable customers underlying this sales performance, preliminary customers data were collected from approximately 30 buyers of fresh vegetables. The findings indicate that Segarbox's vegetable customers are predominantly female and mostly belong to the productive age group. In terms of occupation, the majority work as employees, followed by housewives and a small proportion from other professional backgrounds. This profile reflects customers with busy daily routines who prioritize efficiency and convenience, making Segarbox an attractive option for purchasing fresh vegetables through online channels.

From an economic perspective, most vegetable customers come from middle to upper-middle income groups, suggesting sufficient purchasing power to access online fresh vegetable services. Preliminary findings show that some customers make repeat purchases, which provides an early indication of customer satisfaction and emerging loyalty. However, this loyalty cannot yet be considered fully established. Some vegetable customers continue to switch between platforms due to differences in product availability, perceived service quality, delivery speed, and overall shopping experience. In addition, customers who have not yet made repeat purchases represent a segment that has not developed strong loyalty. Factors such as inconsistent service quality, limited online visibility, and the absence of

online ratings or consumer reviews may influence customer perceptions of value and trust. In today's digital environment, where customers heavily rely on online reviews to evaluate service quality, these conditions suggest that Segarbox has the potential to strengthen customer loyalty by enhancing perceived value, improving service quality, and increasing overall customer satisfaction.

Previous studies have shown that customer loyalty toward e-grocery platforms is influenced by several factors such as product quality, delivery speed, transaction convenience, and customer satisfaction (Kunadi et al., 2021). However, similar research remains limited in the context of West Sumatra, particularly in Padang City, which has distinct consumer characteristics and market dynamics compared to larger cities like Jakarta and Surabaya.

This condition highlights a research gap that needs to be addressed through empirical study. Therefore, this research aims to **Analysis of Customer Loyalty to Segarbox Vegetable in Padang City** and identify the influencing factors, namely perceived value, service quality, customer satisfaction, and customer loyalty. The findings of this research are expected to provide a clear picture of consumer behavior toward online-based fresh and frozen food products in Padang City and serve as a foundation for Segarbox to develop more effective and sustainable marketing and service improvement strategies.

Therefore, research is needed to empirically analyze the relationships among these variables. To clarify the direction of this study, the research questions are formulated as follows:

1. What is the level of customer loyalty toward Segarbox's fresh vegetables in Padang City?
2. What factors influence customer loyalty toward Segarbox's fresh vegetables?

### C. Research Objectives

Based on the research questions above, the objectives of this study are as follows:

1. To identify the level of customer loyalty toward Segarbox's fresh vegetables in Padang City.
2. To analyze the factors that influence customer loyalty toward Segarbox's fresh vegetables.

#### D. Research Benefits

The benefits expected from this research are :

1. This study offers practical insights into the interaction among perceived value, service quality, customer satisfaction, and customer loyalty within the e-grocery industry. It demonstrates how these variables influence one another and highlights the importance of customer satisfaction as a mediating factor. Additionally, the research enhances the researcher's methodological competence in applying PLS-SEM to analyze complex structural relationships within customer behavior studies.
2. The findings provide strategic value for Segarbox by identifying the factors that most strongly shape customer satisfaction and loyalty. With these insights, Segarbox can refine its service quality, improve the perceived value experienced by customers, and design more targeted marketing and service improvement strategies. This allows the company to strengthen customer retention, enhance customer experience, and maintain competitiveness in the growing e-grocery market in Padang City.
3. The study also offers benefits for customers by clarifying how perceived value and service quality influence their satisfaction and loyalty. This understanding enables customers to make more informed, rational, and confident decisions when choosing e-grocery services. As a result, customers can better evaluate service offerings and select providers that deliver higher value and more satisfying overall experiences.